

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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COME-00 EB-07 LAB-04 SIL-01 NSCE-00 SSO-00 USIE-00

INRE-00 EURE-00 /066 W  
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FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 3586

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY PARIS PRIORITY

C O N F I D E N T I A L MADRID 7830

E.O. 11652: GDS

TAGS: PINT, SP

SUBJ: THE TRANSITION: CONVERSATION WITH FERNANDEZ ORDONEZ

1. BEGIN SUMMARY: FRANCISCO FERNANDEZ ORDONEZ, FORMER  
MINISTRY OF FINANCE OFFICIAL AND HEAD OF INI, AND CURRENTLY  
A PRIVATE BUSINESSMAN MEMBER OF FEDISA AND FIGURE IN CENTER-  
LEFT OPPOSITION, TOLD EMBASSY OFFICERS THAT IN LAST FEW DAYS THE  
COUNT OF MOTRICO AND HE HAD SPOKEN WITH CHRISTIAN DEMOCRAT RUIZ  
GIMENEZ, SOCIALIST FELIPE GONZALEZ AND A REPRESENTATIVE OF PCE AND  
FOUND AGREEMENT AMONG THEM THAT COMMUNISTS MUST BE ALLOWED  
OPEN POLITICAL PARTICIPATION. LEADERS OF THE RUIZ GIMENEZ  
CHRISTIAN DEMOCRATS AND PSOE WERE DETERMINED THAT THE COMMUN-  
ISTS SHOULD NOT HAVE THE "ADVANTAGE" OF BEING ONLY CLANDES-  
TINE PARTY. HE IMPLIED HE AND A NUMBER OF OTHER OPPOSITION-  
ISTS AGREED, BUT WHEN FACED WITH THE PRACTICAL POLITICAL  
PROBLEMS THIS POSITION RAISED, HE SEEMED TO CONCLUDE IT MIGHT  
BE WELL TO GIVE THE PRINCE TIME ON THIS ISSUE. ON OTHER  
SIGNIFICANT MATTERS, FERNANDEZ ORDONEZ SAID HE HAD SPOKEN  
TO THE PRINCE WEDNESDAY TO URGE THAT PRINCE HAVE GONZALEZ'  
PASSPORT RETURNED SO THAT HE COULD ATTEND A SOCIALIST MEETING  
IN MANNHEIM. FERNANDEZ ORDONEZ ALSO EXPRESSED TO EMBASSY OFFICERS  
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VIEW IT WOULD BE BEST FOR PRINCE TO REPLACE ARIAS, ON DEATH OF

FRANCO, WITH A "LIBERAL" OF PRESTIGE LIKE AREILZA OR FRAGA OR POSSIBLY FORMER MINISTER FOREIGN AFFAIRS CASTIELLA; EXPRESSED CONCERN OVER CONSEQUENCES OF FRANCO'S LINGERING VERY MUCH LONGER; EXPRESSED GREAT CONCERN OVER WELFARE OF PRINCE, NOTING ABSENCE OF ANY PROCEDURE FOR SUCCESSION UNTIL HE BECOMES KING; SAW SERIOUS POSSIBILITY OF SEVERE LABOR PROBLEMS IN FUTURE; SAID THAT WITH FRANCO NOW VIRTUALLY OUT OF THE PICTURE THERE WAS A SERIOUS MILITARY LEADERSHIP VACUUM; SAID THAT NO MATTER WHAT STEPS THE PRINCE TOOK, FRAP, ETA, AND THE EXTREME RIGHT WERE BOUND TO CAUSE TROUBLE; AND FELT PRESENT US POLICY TOWARD SPAIN WAS JUST RIGHT. END SUMMARY.

2. A RATHER PESSIMISTIC AND WORRIED FERNANDEZ ORDONEZ EMPHASIZED THE VERY DIFFICULT DECISIONS FACING THE PRINCE IN TRYING TO EFFECT LIBERALIZATION WITHOUT INCURRING DANGEROUS ENMITY FROM EXTREME RIGHT OR LEFT. IN THIS RESPECT THE MOST DIFFICULT PROBLEMS WERE HOW FAST TO GO AND HOW TO DEAL WITH COMMUNISTS.

3. HE SAID RECOGNITION OF COMMUNISTS WAS A VERY DIFFICULT BUT NECESSARY CONDITION IF IMPORTANT OPPOSITION GROUPS WERE TO PARTICIPATE OPENLY IN POST-FRANCO PICTURE. RUIZ GIMENEZ AND FELIPE GONZALEZ HAD TOLD HIM AND AREILZA THEY WERE DETERMINED THAT COMMUNISTS SHOULD NOT HAVE THE "ADVANTAGE" OF BEING THE ONLY CLANDESTINE PARTY. IF THE PSOE AND RUIZ GIMENEZ DID NOT TAKE PART IN THE POLITICAL PROCESS SOON, OTHER IMPORTANT ELEMENTS OF THE POLITICAL PICTURE ALSO WOULD NOT. FERNANDEZ ORDONEZ' POSITION SEEMED TO CHANGE, HOWEVER, WHEN HE WAS FACED WITH THE PRACTICAL ARGUMENT THAT STRONG POLITICAL FORCES AND PERHAPS THE MAJORITY OF THE COUNTRY WERE CURRENTLY OPPOSED TO COMMUNIST LEGALIZATION. HE SEEMED SOMEWHAT PERSUADED THAT IF THIS WERE TRUE IT WOULD BE BEST NOT TO TRY TO FORCE THE PRINCE INTO A CORNER ON THIS ISSUE, BUT RATHER TO FIND A FORMULA TO GIVE HIM TIME.

4. FERNANDEZ ORDONEZ WAS CONCERNED THAT THE PRINCE'S IMAGE WOULD BE BADLY DAMAGED IF FELIPE GONZALEZ WERE NOT ABLE TO ATTEND EUROPEAN SOCIALIST MEETING NOVEMBER 11 IN MANNHEIM BECAUSE GOS HAD PASSPORT. FERNANDEZ ORDONEZ CALLED PRINCE NOVEMBER 5 TO EXPLAIN SITUATION AND URGE RETURN OF PASSPORT. CONFIDENTIAL

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HE SAID FRG AMBASSADOR HAD DISCUSSED SAME PROBLEM WITH ARIAS. THE GERMAN EMBASSY HAS ALSO TOLD US THAT IT HAS BEEN WORKING HARD ON THIS PROBLEM.

5. REGARDING THE PRESIDENCY, THE QUESTION WAS AT LEAST PARTLY HOW FAST THE PRINCE SHOULD TRY TO MOVE AFTER FRANCO DIED. FERNANDEZ ORDONEZ FAVORED REPLACING ARIAS BECAUSE HE REPRESENTED THE GOVERNMENT WHICH HAD SO RECENTLY CAUSED SUCH

OPPOSITION THROUGHOUT EUROPE BECAUSE OF THE EXECUTIONS AND BECAUSE HE WAS SIMPLY TOO MUCH A MAN OF THE PAST. ON THE OTHER HAND, HE FELT THERE WERE ARGUMENTS FOR STICKING WITH ARIAS FOR THE TIME BEING IF THE PRINCE DID NOT FEEL HE COULD OR SHOULD MOVE TOO FAST. NEVERTHELESS, HE FAVORED REPLACING ARIAS NOW WITH SOMEONE LIKE THE COUNT OF MOTRICO OR FRAGA AND ALSO MENTIONED FORMER MINISTER OF FOREIGN AFFAIRS CASTIELLA AS A POSSIBILITY. HE WAS SORRY THAT FORMER AMBASSADOR GARRIGUES WAS NOT A CANDIDATE BECAUSE OF FAILING HEALTH. HE SAID HIS FORMER MENTOR, BARRERA DE IRIMO, WAS AN UNLIKELY CANDIDATE FOR A POLITICAL ROLE IN THE IMMEDIATE FUTURE. HE DID NOT EXPECT SILVA TO PLAY MUCH OF A ROLE; HE WAS TOO MUCH A MAN OF THE PAST. HE EXPECTED THAT PIO CABANILLAS, FORMER MINISTER OF INFORMATION AND TOURISM, AND HE, FERNANDEZ ORDONEZ, WOULD ALSO REMAIN ON THE OUTSIDE AT LEAST UNTIL THEY WERE SURE THE DIRECTION AND PACE OF EVENTS WERE TO THEIR LIKING.

6. FERNANDEZ ORDONEZ THOUGHT THE NEW GOVERNMENT SHOULD GRANT POLITICAL AMNESTY, LEGALIZE ALL PARTIES, AND HOLD ELECTIONS FOR THE CORTES. HE LOOKED TO AN EVENTUAL POLITICAL LINEUP THAT WILL HAVE A TRADITIONAL, NOT VERY STRONG PARTY OF THE RIGHT; STRONG CHRISTIAN DEMOCRATIC AND SOCIALIST PARTIES; A SMALL LEFT-OF-CENTER "SOCIAL LIBERAL" GROUP TO WHICH HE AND SOME OTHERS WOULD BELONG; AND A WEAK COMMUNIST PARTY. HE RECOGNIZED, HOWEVER, THAT MOST OF THESE GROUPS ARE NOW REPRESENTED ONLY BY A FEW NAMES. TIME WAS NEEDED FOR THEM TO ORGANIZE, AND THAT, PERHAPS, WAS SUFFICIENT REASON TO KEEP ARIAS ON FOR A WHILE.

7. HE SAW THE LABOR SITUATION AS PARTICULARLY WORRISOME. WAGE INCREASES ON THE ORDER OF 30 PERCENT IN EACH OF THE LAST TWO YEARS WERE A MAJOR PROBLEM. THE GOVERNMENT'S TWO  
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ATTEMPTS IN RECENT YEARS TO IMPOSE WAGE RESTRAINTS BY FIAT FAILED BECAUSE THERE WAS NO LABOR/MANAGEMENT/GOVERNMENT COMPACT. WHEN FRANCO DIES LABOR IS LIKELY TO BECOME MUCH MORE MILITANT, INSISTING ON A MAJOR REDISTRIBUTION OF INCOME, AND THIS COULD CAUSE REAL POLITICAL PROBLEMS.

8. FERNANDEZ ORDONEZ WAS ESPECIALLY CONCERNED THAT THE PRINCE TAKE NO CHANCES TO ENDANGER HIS LIFE AT THIS TIME. THE TRIP TO EL AIUUN WAS PERHAPS A NECESSARY RISK, BUT HE SHOULD NOW REMAIN AT HOME AS MUCH AS POSSIBLE. SHOULD SOMETHING HAPPEN TO HIM BEFORE HIS CORONATION THERE WAS ABSOLUTELY NO PROCEDURE FOR REPLACING HIM AND A CHAOTIC SITUATION COULD EVOLVE. THE LONGER FRANCO SURVIVED THE MORE DIFFICULT HIS POLITICAL DECISIONS WOULD BE. ONCE THE PRINCE WAS CROWNED, HIS SON WOULD BECOME THE LEGAL SUCCESSOR.

9. US POLICY TOWARD SPAIN AT THIS TIME WAS CORRECT, HE THOUGHT. EUROPEAN COUNTRIES, E.G. GERMAN AND TO A LESSER DEGREE FRANCE, WERE HEAVILY ENGAGED WITH VARIOUS SPANISH POLITICAL GROUPINGS. THIS WAS ALL RIGHT FOR THEM, BUT THE US COULD NOT AFFORD TO BECOME INVOLVED IN THIS WAY. ITS SHOULD RESERVE ITSELF FOR

REALLY MAJOR ISSUES.  
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